

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. _____

Petition of Central Vermont Public Service)
Corporation and Green Mountain Power)
Corporation Requesting an Investigation into)
The Establishment of Retail Access)
Policies and Procedures)

STATEMENT OF COMPLIANCE WITH THE
VERMONT PRINCIPLES ON ELECTRIC INDUSTRY RESTRUCTURING

A. INTRODUCTION

Pursuant to the Vermont Public Service Board’s (the “Board” or “PSB”) Order of June 24, 1999 in Docket No. 6140-a, this statement describes how the Retail Open Access Tariff (“R-OAT”) and related Delivery Service tariffs and materials proposed by Central Vermont Public Service Corporation (“Central Vermont” or “CVPS”) and Green Mountain Power Corporation (“Green Mountain” or “GMP”)(together the “Companies”) complies with the Vermont Principles on Electric Industry Restructuring (the “Restructuring Principles”). As described in this statement, the accompanying Petition and supporting materials, the Retail Open Access Tariff and related Delivery Service tariffs have been designed by the Companies to satisfy the requirements and policy directives established by the Restructuring Principles. Terms defined within the Petition shall have the same meaning when used herein.

B. DISCUSSION

1. High-quality, reliable electric service will be maintained.

Principle one of the Vermont Restructuring Principles states that:

“High-quality, reliable electric service must be maintained. We must maintain a level of system integrity sufficient to accommodate a full range of customer reliability and power quality choices.”

Id. This principle is intended to assure that high-quality, reliable service is maintained under any plan to introduce retail access and the competitive supply of power to customers in Vermont.

CVPS and GMP have specifically designed their proposed Retail Open Access Tariff and related materials to serve this objective and maintain that approval of the R-OAT and accompanying Delivery Service tariffs should fully satisfy this Restructuring Principle.

Under the proposed R-OAT, the Companies will be responsible for the provision of Delivery Service including the arrangement or provision of necessary (i) regional network transmission service over New England Power Pool (“NEPOOL”) Pool Transmission Facilities (“PTF”), (ii) local network transmission service over the Vermont Electric Power Company’s (“VELCO”) and/or New England Power Company’s (“NEP”) [and/or certain other specified interconnected] transmission facilities, and (iii) local network transmission service over the Companies’ transmission facilities. This is the same scope of Delivery Service presently provided or arranged for by the Companies. Accordingly, with respect to the distribution and transmission of electricity, approval of the Companies’ R-OAT and related Delivery Service tariffs should have no impact on this aspect of retail electric service.

Under current NEPOOL rules, both CVPS and GMP must (i) either be a member of

NEPOOL subject to an Own-Load Calculation or (ii) have an agreement in place with a NEPOOL member whereby the NEPOOL member agrees to include the company's load in such NEPOOL member's Own-Load Calculation, in order to participate in interconnected load serving activities within the New England regional power marketplace. As used here, the term "Own-Load Calculation" is a proxy for the settlement method utilized by NEPOOL for its members to assure capability responsibility, as set forth in the NEPOOL Agreement, as amended from time to time, on file as a tariff with the Federal Energy Regulatory Commission ("FERC"). NEPOOL participation has been the primary means of assuring the reliability of the regional bulk power grid and has enabled the Companies to provide reliable power supplies to customers. To maintain this level of reliability, the proposed Retail Open Access Tariff requires, as a condition to certification or participation, that each Energy Service Provider ("ESP") desiring to sell power to customers located within the Companies' respective service areas, meet this same standard. (See: R-OAT at ¶1.1.4).

Local area reliability is presently maintained by Central Vermont and Green Mountain through an integrated array of system planning, control, operations and maintenance functions. These activities are undertaken to assure a stable and continuous supply of electric service. All of these functions are undertaken subject to the jurisdiction of the PSB. Since the Companies propose to continue their roles as the exclusive entities charged with responsibility to provide Delivery Services to their customers, the Companies should remain capable to provide continuous reliable service. As such, the Companies maintain that the approval of their proposed Retail Open Access Tariff and related materials should not impact electric system reliability and should therefore be found to satisfy the terms of Restructuring Principle number one.

2. Public health and safety will be assured.

Principle two of the Vermont Restructuring Principles states that: “Public health and safety must be assured.” Id. This principle is intended to assure that the high degree of concern for the public’s health and safety that has permeated the design and administration of the current electric utility industry is carried over into the new more competitive industry.

To satisfy this principle, the Companies have incorporated features into their proposed Retail Open Access Tariff to ensure that new competitive ESPs comply with appropriate consumer protections, emissions portfolio requirements and renewable energy standards. (See: R-OAT at ¶1.3). Moreover, the Retail Open Access Tariff is predicated on a certification or registration process for new ESPs that will enable Vermont, through the Board and the Department of Public Service (the “Department” or “DPS”), to assure the public’s health and safety by certifying new market participants. (See: R-OAT at ¶1.3.1.1). Should an ESP fail to abide by the Board’s certification or registration requirements, the Retail Open Access Tariff expressly provides for remedy of the situation or the suspension or termination of that ESPs participation. (See: R-OAT at ¶1.4.2.2). Accordingly, the Companies maintain that the approval of their proposed Retail Open Access Tariff should assure that public health and safety protections are maintained during and after the transition to retail competition within the Vermont electric utility industry.

3. Efficiencies in the production, delivery and use of electric services.

Principle three of the Vermont Restructuring Principles states that: “Efficiencies in the production, delivery and use of electric services must continue to be increased where possible.”

Id. This principle implements an overarching goal that a restructured Vermont electric utility industry “should provide opportunities to capture improved efficiencies in the production, delivery, and use of electricity, and seek to maximize customer value at the least cost to society.”

Id. CVPS and GMP maintain that the emergence of competition for the sale of electricity coupled with the approval and implementation of the Memorandum of Understanding (the “MOU”) by Order of the Board dated September 30, 1999 in Docket No. 5980 will assure that the emerging competitive industry structure promotes increased efficiencies in the production, delivery and use of electric services.

As the Board has concluded, the move to competition in the sale of electric energy should promote efficiency gains in the production of electricity. See: Docket No. 5854, Report and Order of December 30, 1996. Through competition, producers will be incented to lower their production costs in order to keep and increase their market shares. Competition should therefore drive innovation and related efficiency gains that may not have occurred under the rigors of regulation.

To assure that Vermont’s delivery of energy efficiency services is maintained and enhanced, both CVPS and GMP have entered into a settlement with the DPS that provides for, amongst other things, the establishment of a new entity -- an energy efficiency utility or “EEU” -- to deliver system-wide energy efficiency services to customer. That proposal was approved by the Board by Order of September 30, 1999 in Docket No. 5980 and is now being implemented. When fully implemented, this structure is intended to assure that demand side management services are available to customers regardless of their choice of a particular ESP. To facilitate the delivery of these services, the Retail Open Access Tariff imposes the obligation on

participating ESP to support and cooperate in good faith with the EEU to enable the EEU to achieve the effective delivery of, and savings from, its system-wide demand side management programs. (See: R-OAT at ¶1.20.1).

To promote efficiencies in the delivery of electricity to customers by the Companies, the Docket No. 5980 MOU contains both CVPS's and GMP's agreement to pursue distributed utility planning ("DUP") strategies. A collaborative process involving all Vermont electric utilities and the DPS is now underway in Docket No. 6290 to develop appropriate guidelines for performing DUP. Under DUP, the Companies will have the responsibility to engage in least cost transmission and distribution system planning and effectively implement such plans. To facilitate the implementation of these plans, the Retail Open Access Tariff imposes the obligation on participating ESPs to support and cooperate in good faith with the Companies to enable them to achieve the effective delivery of, and savings from, their area specific DUP strategies. (See: R-OAT at ¶1.20.2). Both the DUP and EEU terms of the MOU as approved by the Board are designed to work under either a regulated or competitive industry model.

Thus, the Companies maintain that the combination of these strategies assures that the goal of enhanced efficiency captured by Principle Three can be achieved through the adoption of the proposed Retail Open Access Tariff.

4. Nondiscriminatory open access to the electric system for wholesale transactions.

Principle four of the Vermont Restructuring Principles states that:

"Nondiscriminatory open access to the electric system for wholesale transactions must be promoted. Comparability must be assured for generators competing with affiliate interests of bottleneck service providers (*i.e.*, transmission and distribution services)."

Id. This principle is intended to assure that the new marketplace for electricity is an even and fair playing field.

To implement this principle, the Retail Open Access Tariff proposed by the Companies provides for the nondiscriminatory delivery of power to customers for each participating ESP. This approach works in tandem with the Companies' open access transmission tariffs, and those of VELCO and NEPOOL, on file with the FERC. Through this structure, participating ESPs and their power suppliers, if any, can utilize the New England bulk transmission system, as well as the VELCO and CVPS/GMP systems to engage in wholesale power transactions in a non-discriminatory manner.

When the Restructuring Principles were first drafted, parties were concerned that affiliates of the incumbent utilities would gain undue advantage because of their affiliation with transmission owning entities. Presently, however, FERC Order No. 888, requires the functional separation of transmission operations from power marketing thus assuring nondiscriminatory open access to the transmission grid.

Moreover, at the time that the Principles were developed, both CVPS and GMP were considering entering the retail power supply marketplace in Vermont. Now, however, neither CVPS nor GMP has any present plan to sell electricity at retail to Vermont consumers. Accordingly, the Companies maintain that their proposed Retail Open Access Tariff and related Delivery Service tariffs and materials will create no impediment to nondiscriminatory access to the New England transmission grid and should therefore satisfy the policy objectives embodied by Restructuring Principle four.

5. Retail Choice.

Principle five of the Vermont Restructuring Principles states that:

“Retail customer choice can provide benefits beyond those provided by a competitive wholesale market. Customer value may be increased through the expansion of choice among providers and types of service. Therefore, methods of restructuring to be explored must include, but not limited to, retail choice.”

Id. This principle, while recognizing the potential benefits of retail choice, calls upon the Board to consider and explore other options in its restructuring efforts.

As the Board is aware, CVPS and GMP have been active participants in the Board’s proceedings to consider reforms to Vermont’s electric utility industry. Through these forums, including Docket Nos. 5854, 6140 and 6140-a, the Board has explored the virtues of reforming the Vermont electric utility industry. In its landmark Report and Order in Docket No. 5854, the Board called for a move to retail choice and competition in the sale of electricity. This approach was endorsed by the Vermont Senate as well as by the Governor’s Working Group on Vermont’s Electricity Future. Indeed, the Companies’ Restructuring Plan is consistent with the Board’s policy considerations and the Working Group’s recommendations.

Through these public processes, Vermont has considered alternatives to retail choice within its electric utility sector. To date, no plan other than one involving retail choice has gained significant public consensus. While there has been much debate about the type of reforms to implement, the Companies believe that the time has come to move forward with voluntary strategies to open the Vermont electric utility industry to retail competition within those utility service territories that are ready to, and desire to, permit customers to choose their power suppliers.

Accordingly, the Companies maintain that alternatives to retail choice have been pursued and that the standard set by this principle has been achieved.

6. Environmental Protection.

Principle six of the Vermont Restructuring Principles states that: “Environmental protection is a priority; any restructured industry system must ensure a high level of environmental quality and reduced environmental cost.”Id. This principle recognizes Vermont’s long-standing commitment to environmental protection and that power system choice can have significant environmental quality impacts.

To assure that environmental concerns are recognized in the Companies’ proposed Retail Open Access Tariff, CVPS and GMP accept that the Board may develop a set of related environmental protection measures to be made applicable to ESPs that desire to sell power at retail to Vermont consumers. Specifically, the Board may seek to develop: (i) Emissions Portfolio Standards; (ii) Renewable Resource Requirements; and (iii) Environmental disclosure and product labeling standards. (See: R-OAT at ¶¶1.3.1.4, 1.3.1.5, 1.3.1.6 and 1.3.1.7). Included with the accompanying Petition are statements describing policy areas that the Board may choose to consider when developing these standards. Alternatively, the accompanying Memorandum of Law makes clear that the Board may seek to utilize other regulatory means, including ESP certification or registration requirements, in order to advance the policies that underlie this principle. The development of these standards or licensing conditions will assure that Vermont’s plans for restructuring include precise and realistic mechanisms to secure attainment of this principle -- a cornerstone of the Restructuring Principles.

Should an ESP fail to abide by these standards, the proposed Retail Open Access Tariff contains terms that would require remedy or permit the suspension or termination of that ESP's right to utilize the Companies' distribution systems for the delivery of power to customers. (See: R-OAT at ¶1.4). Thus, CVPS and GMP maintain that environmental protections can be assured in a competitive industry structure and that the Companies' proposals establish the proper framework for developing the specific mechanisms required by the Restructuring Principles.

7. Preservation of Public Benefits.

Principle seven of the Vermont Restructuring Principles states that:

“A restructured industry must preserve key public benefits of the current system, including cost-effective end-use efficiency, research and development, and the development, commercialization and use of renewable resources.”

Id. This principle establishes that the move to a restructured electric utility industry should be accomplished in a manner that preserves Vermont's commitment to key public benefits that may not be addressed by market participants in ordinary market based transactions.

To satisfy this principle, the Retail Access Program was designed to work in sync with the demand side management and distributed utility planning strategies developed in Docket Nos. 5980 and 6290, and to enable the Board to fashion standards for renewable resources to be implemented by participating ESPs.¹ (See: R-OAT at ¶¶1.3.1.7, 1.3.1.9, 1.3.1.10 and 1.20). An ESP's failure to satisfy these requirements can be grounds for suspension or termination of the

¹Note also that the proposed Delivery Service tariffs have been structured to accommodate the administration of a “societal benefits charge” should such a charge become a feature of retail open access within the Companies' service areas. The inclusion of these terms must be viewed as a placeholder as no such charge is proposed by the Companies as a part of this Petition. However, the working groups to be formed under the Companies proposed procedures for administering this docket may choose to consider such a charge as part of this proceeding. The recognition of these terms would facilitate the introduction of the charge if the Board determines that it has the requisite authority to establish it.

ESP's participation in the Companies' Retail Open Access Tariff. (See: R-OAT at ¶1.4.2.2).

While the Companies have included proposed subject areas that may be included in the standards to be developed by the Board in this proceeding, the Companies acknowledge that these proposals are only sketches of the specific standards to be developed by the Board. Through the efforts in this proceeding, including the working groups called for in the accompanying Statement of Proposed Procedure for Administration of this Proceeding, the specifics for these standards can be fashioned and their compliance assured both through the Board's certification or registration process and through supervision of the ESPs' activities under the Retail Open Access Tariff. It is through the articulation of specific standards that the precise and realistic mechanisms to secure attainment of this principle can be developed. As such, the Companies maintain that their proposed Retail Open Access Tariff in conjunction with the processes called for under the Petition satisfies Principle seven and assures the preservation of the identified key public benefits.

8. Honoring Existing Utility Commitments.

Principle eight of the Vermont Restructuring Principles states that:

“Existing commitments of utilities arising from past decisions made pursuant to historic regulatory and legal principles must be honored. Utilities are entitled to recover legitimate, verifiable, and otherwise recoverable and prudently incurred costs pursuant to those principles. Utilities have an obligation to take all reasonable measures to mitigate the costs of their existing commitments.”

Id. This principle recognizes the incumbent utilities' need to recover costs that are stranded on account of the move to retail access and the termination of vertically integrated monopoly operations.

As described in the accompanying Petition, the Companies do not seek to establish specific Delivery Service charges or Competitive Transition Charges (“CTC”) at this time. Instead, CVPS and GMP recognize that such charges cannot be determined until mitigation of above market resources has been achieved and a proceeding is undertaken to establish the revenue requirement and rates that will be due from customers after the “closing” contemplated by the Companies’ Restructuring Plan. Thus, the docket is focused on the establishment of the rate design principles and tariff terms that will need to be implemented at the time of the closing.

The Companies’ Petition is expressly contingent upon approval of all other elements of their Restructuring Plan -- including the establishments of the rates necessary to recover transition costs and pay for the buy-out and buy-down of committed resources. To satisfy Principle eight, the Companies propose that a non-bypassable CTC be established for each company. The CTC will be the rate element that is used to recover the approved transition costs. This approach is consistent with the proposals outlined in the Board’s Report and Order of December 30, 1996 in Docket No. 5854. Thus, the Companies maintain that the approval of the terms and conditions for the administration of a CTC coupled with the establishment of rate design principles to be used to design the Delivery Service charges are necessary steps to the establishment of precise and realistic mechanisms to secure attainment of this principle.

9. Low-Income Consumer Needs.

Principle nine of the Vermont Restructuring Principles states that:

“Electric service is a basic necessity. Any restructuring of the electric utility industry must address the needs of consumers in general and in particular low-income consumers. Reform proposals must specifically empower all consumers with the necessary resources

to assume responsibility and accountability for their electrical services.”

Id. This principle establishes the need for consumer protections to enable particularly low-income consumers to continue to receive electric service in any restructured utility industry. When this principle was first articulated, it was proposed that a low-income bill paying fund be established in order to assure that consumers that needed public assistance would be able to obtain such assistance in order to purchase power in a competitive marketplace. Such a fund was included in S-62 as passed by the Vermont Senate in 1997.

To satisfy this principle, the Companies propose that the Board establish both “Default Service” and “Transition Service” through a competitive bidding process. Default Service is defined by the proposed Retail Open Access Tariff as service arranged for by the company to a customer who is not receiving either Generation Service from an ESP or Transition Service. (See: R-OAT at ¶1.17.1). This service would be available to all customers and would be a safety net service in the event for any reason that a consumer could not access a participating ESP. Transition Service, as proposed in the Tariff, would be available to residential and commercial customers and is intended to provide a competitive “back-stop” during the initial transition to the new competitive industry structure.² (See: R-OAT at ¶1.18). As set forth in the proposed R-OAT, different terms could be made available to low-income customers to further facilitate the effectiveness of Transition Service in meeting these customers’ particular needs. (See: R-OAT at ¶¶1.18.5 and 1.18.6). The Companies maintain that the provision of Default Service and Transition Service, in coordination with the other consumer protections called for by the

²Alternatively, the Companies will consider providing Transition Service if their provision of the service helps to maximize power supply mitigation and appropriate mechanisms are developed to provide the Companies recovery of their costs incurred in providing this service.

proposed Retail Open Access Tariff, will ensure that low income customer are able to continue to receive electric service during and after the transition to a more competitive industry structure to the same extent that they are now able to receive such service from the Companies.

It is important to note that the Companies have proposed this approach as a means to meet the policy considerations embodied in the Restructuring Principles. Other means to achieve this objective may also be available. The Companies recognize that lessons may be learned from the experiences of other states that have considered or developed mechanisms to meet low income customer' needs. As such, CVPS and GMP remain open to the exploration of alternatives as part of this proceeding. The Companies note, however, that the adoption of other mechanisms to meet low income customer needs may impose additional costs that must be recovered in order to sustain such services as contemplated by the Principles.

In its Docket No. 6140-a Order of June 24, 1999, the Board acknowledged that full attainment of certain principles may require additional legislation and specifically noted that low-income bill paying funding was such an item. Id. at 6 (footnote 14). In previous decisions, the Board has held that it lacks jurisdiction to establish lifeline or other low income programs without specific legislation. At this time, no such funding is provided and no legislation has been adopted. Thus, the Companies acknowledge that other measures may be necessary to fully satisfy this principle but represent that their proposed retail open access strategy attempts to meet low-income needs to the same extent that they are now met through the provision of vertically integrated utility services.

10. Restructuring Benefits.

Principle ten of the Vermont Restructuring Principles states that: “The benefits of restructuring must extend equitably to all classes of consumers. The benefits of restructuring must not be achieved through shifting of costs among customer classes.” Id. This principle was established to assure that restructuring initiatives afforded benefits to all customers and to make clear that the benefits should not be developed at the expense of other ratepayer classes through cost-shifting.

To satisfy this principle, the proposed Retail Open Access Tariff is designed to allow all customers to become eligible to purchase energy and capacity from an ESP as of the effective date of the Retail Open Access Tariff as determined by Board. (See: R-OAT at ¶1.2.1). That date is presently projected by the Companies to be September 1, 2001. In this way customers will contemporaneously be permitted to obtain Generation Service from market providers.

Similarly, the Companies do not propose to materially alter their class cost of service determinations necessary to design the CTC and Delivery Service charges at this time. (See: Prefiled Testimony of W.J. Deehan, dated November 23, 1999 at pages 63-69 and 74-75). In this way, the introduction of competition within the Companies’ service territories should not result in cost shifting between or among customer rate classes. Together, these features serve to satisfy the concerns addressed by Principle Ten³.

³Note also that a Transition Service offer could be structured to make the savings achieved through mitigation efforts available to customers, at least initially, in parallel to saving expected for open access customers.

11. Public Accountability.

Principle eleven of the Vermont Restructuring Principles states that: “There must be a clear system of public accountability and public participation in any restructured system. The implications of a new utility structure must be thoroughly understood before being implemented.” Id. This principle is directed towards the processes used to implement reforms to the Vermont utility industry and to ensure that the new structure provides accountability to the electric consumers and the public.

To meet this goal, the Companies maintain that the Board’s proceedings to consider the various aspects of the proposed Retail Access Program are being conducted and will be conducted in an open and accountable public forum before the Board. This includes the Companies’ procedural proposal to commence the proceeding through the opening of working groups designed to facilitate consensus policy recommendations through inform settlement efforts. In addition, the proposed R-OAT contains terms and conditions that are designed to assure that the ESPs participating in the Retail Open Access Tariff are accountable to their consumers and the public. Specifically, these terms include the ESP eligibility requirements, the ESP certification or registration processes before the Board and the consumer protections to be required of participating ESPs. (See: R-OAT at ¶¶1.1.3, 1.3.1.1, and 1.3.1.3). Accordingly, the Companies maintain that the goals of Principle eleven are satisfied by the Companies’ approach to restructuring their utility businesses.

12. Competitiveness.

Principle twelve of the Vermont Restructuring Principles states that: “Vermont's policy must enhance the ongoing competitiveness of its businesses and economy.” Id. This principle is designed to guide Vermont towards restructuring initiatives that satisfy the State’s fundamental concern for the welfare of its economy and business interests.

CVPS and GMP have filed the instant Petition as well as their Restructuring Plan in order to help to bring about change in the economics of generating and delivering electricity for the benefit of their customers. The Companies’ proposals are driven by the belief that competition will help to stabilize electricity costs and promote competitiveness. Given the numerous and complicated issues that are raised by the Companies’ proposal, CVPS and GMP have asked that the Board begin deliberation on these matters now in order to facilitate a smooth and expeditious transition to retail competition. This strategy should avoid the bottleneck that would otherwise occur if Vermont waits and does not begin to confront these questions until after the Companies’ mitigation efforts have been completed. Thus, the Companies’ proposed Retail Open Access Tariff and related Delivery Service tariff reforms, when coupled with the other elements of the Companies’ Restructuring Plan, are designed to bring about a swift move to an effectively competitive marketplace for electricity.

As part of the Companies’ Restructuring Plan, CVPS and GMP are committed to taking aggressive actions and working to mitigate the cost of their above market resources. When these mitigation initiatives are completed, their results will be brought to the Board. The Board’s approval of these results is a condition of the Companies’ consent to voluntary retail access within their service territories. If acceptable mitigation is not achieved, the Companies’ Petition

will not be implemented. Accordingly, CVPS and GMP maintain that their proposals, as set forth in this Docket and pursuant to the Companies' Restructuring Plan, should serve the goals and objectives as described in Principle Twelve.

13. Universal Access.

Principle thirteen of the Vermont Restructuring Principles states that:

“Universal access to safe, efficient and reliable electric distribution service must be assured in a restructured industry. Electric distribution service must be available to all customers. Restructuring of any other aspect of the electric industry must not harm or reduce customer access, customer service or customer protections in regard to electric distribution service.

Universal access to reliable, reasonably priced electric service must be assured in a restructured industry. Electric service must be available to all consumers, and no consumer should be denied continuing or new service because they are deemed to be undesirable in a competitive environment. Achieving this end may require designation of a provider of last resort (which may be the local distribution company or some other entity), or it may be achieved through requirements placed on some or all retail electric service providers.”

Id. This principle establishes that any restructured utility system must still provide universal access to electric service for all customers on reasonable terms.

To satisfy this principle, the Companies propose to modify their so-called “duty-to-serve” to provide a new duty – the “duty to connect”. As set forth in the Retail Open Access Tariff, CVPS and GMP propose to become distribution companies responsible for the provision of Delivery Service. (See: R-OAT at ¶1.1.2). As described in this section of the proposed Tariff, the Companies would be responsible for delivering power over their distribution systems to each customer delivery point. Id. As such, there should be no diminution in the quality of delivery services now offered by the Companies. Also as described in the Petition and accompanying

materials, the Companies propose to retain the customer protections now available under the vertically integrated utility structure. This means that customers will still enjoy the same protections as they do now with respect to the delivery services to be provided by the Companies.

Central Vermont and Green Mountain anticipate that competitive ESPs will want to compete to serve customers' electricity needs. Should, however, cases arise where customers' demands for electricity are not being met by competitive ESPs, the Companies' proposals call for the establishment of Default Service. (See: R-OAT at ¶1.17)⁴. Default Service is "a provider of last resort" as called for by the Principle. As such, CVPS and GMP maintain that their R-OAT proposals satisfies the terms of Principle thirteen and should assure universal access to continued electric service.

14. Consumer Protections.

Principle thirteen of the Vermont Restructuring Principles states that:

"Restructuring must maintain and improve upon customer service safeguards and protections, including line extensions, service connections, deposits, bill payment options, budget billing, disconnection notices and limitations, reconnection, metering, due process and appeal, and liability. Additional customer service requirements and customer protections may need to be developed in response to restructuring."

Id. This principle recognizes the need for consumer protections and safeguards in the sale of electricity at retail to consumers.

To satisfy this principle, the Companies propose to retain the consumer protections now afforded customers for Delivery Service and to ask the Board to develop specific consumer

⁴Should all customers not initially purchase Generation Service from a competitive ESP, a Transition Service offer has been proposed to initially serve those customers. This offer could be structured to reflect savings achieved in mitigation.

protection standards and disclosure requirements to govern the sale of Generation Service by ESPs. (See: R-OAT at ¶¶ 1.3.1.3, 1.3.1.4 and 1.3.1.5). These protections are already incorporated with the CVPS and GMP approved electric service tariffs. The modifications to those tariffs called for by the instant Petition do not seek to alter these protections as they relate to the Delivery Services that the Companies will continue to provide. In this way, the protections called for by this principle can be implemented with the start of competition under the Retail Open Access Tariff. Also in this way, customers can have confidence that the new system of retail access will be fair and subject to rules that are specifically designed to govern the new market entrants and power offerings that will soon become commonplace for electricity users.

C. CONCLUSION

In summary, CVPS and GMP believe that their proposed Retail Access Program and related Restructuring Plan serves the goals and objectives of the Vermont Restructuring Principles. The Companies therefore maintain that the two overarching principles that are embodied in the principles -- efficiency and fairness -- are served by the instant proposal and that the structures set forth in this Petition will help to provide opportunities to capture improved efficiencies in the production, delivery, and use of electricity, and to seek to maximize customer value at the least cost to society as called for by the Board's Order in Docket No. 6140-a.

DATED at BENSON, VERMONT this 23rd day of November, 1999.

RESPECTFULLY SUBMITTED,

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